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FISCAL IMPACT REPORT

ORIGINAL DATE 2/7/06

SPONSOR Begaye LAST UPDATED _____ HJM 4

SHORT TITLE Define Rural School & Rural School District SB _____

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Office of Education Accountability (OEA)

SUMMARY

Synopsis of HJM

House Joint Memorial 4 requests that the Rural Education Division and Indian Education Division of the Public Education Department (PED) develop New Mexico-Specific definitions of “rural schools” and “rural school districts.” The joint memorial also requests these PED divisions work with rural schools and divisions to maximize access to federal funds and that the definitions developed are approved for federal funding purposes.

FISCAL IMPLICATIONS

As a joint memorial, HJM 4 carries no appropriation. All expenses incurred as a result of the requested work to redefine rural schools and rural school districts would be borne by the PED.

HJM 4 specifically refers to the Small and Rural School Achievement (SRSA) program as one of the main streams of federal funding available to small and rural school districts. One of the stated objectives of HJM 4 is to maximize rural school district access of to federal funds through the SRSA program. The SRSA program is part of the Rural Education Achievement Program (REAP). According to the US Department of Education (USDoE), 45 school districts (of the 48

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PED designates as rural) were eligible for the SRSA for federal FY 2005. The three districts that did not receive SRSA grant awards during FY 2004 include: Eunice, Santa Rosa, and Lordsburg. The USDoE has not yet made the FY 2005 grant amounts public. During federal FY 2004, however, federal awards for the following four grants made under the SRSA amounted to nearly \$2.2 million as follows:

-Title II, Part A (Improving Teacher Quality Grants):	\$1,456,083	
-Title II, Part D (Educational Technology Grants):	\$ 206,699	
-Title IV, Part A (Safe and Drug Free Schools Grants):	\$ 159,363	
-Title V (Innovative Program Grants):	\$ 345,666	
TOTAL		\$2,167,811

SIGNIFICANT ISSUES

Currently, the PED recognizes 48 school districts in the State of New Mexico as “rural districts” based on a student population of less than 1000 students. In contrast to this categorization, the federal No Child Left Behind Act (NCLB) identifies rural districts as those with 600 students or less or that the county where the school district is located contains 10 people per square mile.

In a presentation made to the Public School Funding Formula Task Force in November 2005, the Assistant Secretary of Rural Education provided testimony that indicated that PED is considering an expansion of the definition of rural education beyond a focus on size or density alone. Accordingly, he suggested the importance of considering a combination of size, isolation factor, rural designation, and the capacity of a district to deliver services. The Assistant Secretary indicated that the Rural Education Division plans to take further steps to finalize the Rural Education Definition.

ADMINISTRATIVE IMPLICATIONS

A draft rule is being developed by staff in the Rural Education Bureau and attorneys in the Office of the General Counsel of the PED. PED is revising the rural district definition to coincide with the federal version of the definition with the addition of an application process for non-rural systems to apply for assistance for small rural isolated schools within their districts. Through this memorial, the Rural Education Division would be in the position of having to deliver services to a much larger population without additional funds or personnel.

PA/yr